

AMENDED IN SENATE JULY 15, 2003

AMENDED IN SENATE JULY 3, 2003

AMENDED IN SENATE JUNE 30, 2003

AMENDED IN ASSEMBLY JUNE 3, 2003

AMENDED IN ASSEMBLY JUNE 2, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL**No. 1049**

**Introduced by Assembly Member Calderon
(Principal coauthor: Assembly Member Wyland)**

February 20, 2003

An act to amend Section 791.12 of the Insurance Code, relating to underwriting.

LEGISLATIVE COUNSEL'S DIGEST

AB 1049, as amended, Calderon. Insurance: underwriting: information.

Existing law prohibits an insurance institution or agent from reaching specified adverse underwriting decisions, including denial or cancellation of insurance coverage, based on personal information received from an insurance-support organization whose primary source of information is insurance institutions, except that an insurance institution may reach an adverse underwriting decision based on further personal information obtained as the result of information received from an insurance-support organization.

This bill would, in addition, prohibit an insurance institution or agent from basing an adverse underwriting decision on the fact that an individual has previously inquired and received information about the scope or nature of coverage under a residential fire or property insurance policy, if the information is received from an insurance-support organization whose primary source of information is insurance institutions and the inquiry did not result in the filing of a claim. ~~The bill would also prohibit an insurance institution or agent from basing an adverse underwriting decision on an indication appearing on a specified loss history report that a single claim within the previous 3-year period was closed without payment.~~

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 791.12 of the Insurance Code is
2 amended to read:

3 791.12. No insurance institution or agent may base an adverse
4 underwriting decision in whole or in part:

5 (a) On the fact of a previous adverse underwriting decision or
6 on the fact that an individual previously obtained insurance
7 coverage through a residual market mechanism; provided,
8 however, an insurance institution or agent may base an adverse
9 underwriting decision on further information obtained from an
10 insurance institution or agent responsible for a previous adverse
11 underwriting decision. The further information, when requested,
12 shall create a conclusive presumption that the information is
13 necessary to perform the requesting insurer's function in
14 connection with an insurance transaction involving the individual
15 and, when reasonably available, shall be furnished the requesting
16 insurer and the individual, if applicable.

17 (b) On personal information received from an
18 insurance-support organization whose primary source of
19 information is insurance institutions; provided, however, an
20 insurance institution or agent may base an adverse underwriting
21 decision on further personal information obtained as the result of
22 information received from an insurance-support organization.

23 (c) On the fact that an individual has previously inquired and
24 received information about the scope or nature of coverage under

1 a residential fire or property insurance policy, if the information
2 is received from an insurance-support organization whose primary
3 source of information is insurance institutions and the inquiry did
4 not result in the filing of a claim.

5 ~~(d) On an indication appearing on a loss history report received~~
6 ~~from a loss underwriting database or claim history information~~
7 ~~exchange program that a single claim within the previous~~
8 ~~three-year period was closed without payment.~~

